



UNIVERSITI PUTRA MALAYSIA

**INDUSTRIAL RELATIONS IN THE PLANTATION
SECTOR: A STUDY ON DISMISSAL CASES IN THE
PLANTATIONS FROM 1974 TO 1994**

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**INDUSTRIAL RELATIONS IN THE PLANTATION
SECTOR: A STUDY ON DISMISSAL CASES IN THE
PLANTATIONS FROM 1974 TO 1994**

By

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Thesis Submitted in Fulfilment of the Requirements for
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For all the special people in my life, I wouldn't have made it without all of you .

For Lugman, Amirul and Ezza, may this be an inspiration for you .

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LIST OF ABBREVIATIONS

AMESU	All Malayan Estate Staff Union
AWMPE	Association of West Malaysian Plantation Executives
CIAM	Central Indian Association of Malaya
DGIR	Director General of Industrial Relations
FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA	Federal Land Development Authority
IRA	Industrial Relations Act
MAPA	Malaysian Agricultural Producers Association
MCEO	Malayan Council of Employers' Organisation
MECA	Malayan Employers' Consultative Association
MEF	Malaysian Employers' Federation
NUPW	National Union of Plantation Workers
PERNAS	Perbadanan Nasional
PNB	Permodalan Nasional Berhad
RISDA	Rubber Industry Smallholders' Development Authority
SECA	Sabah Employers Consultative Association
TUA	Trade Union Association
UPAM	The United Planting Association of Malaysia

Abstract of thesis submitted to the Senate of Universiti Putra Malaysia in fulfilment of the requirements for the degree of Master of Science.

**INDUSTRIAL RELATIONS IN THE PLANTATION SECTOR: A STUDY
ON DISMISSAL CASES IN PLANTATIONS FROM 1974 TO 1994**

By

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(April 1997)

Chairperson: Professor Dr. V. Anantaraman

Faculty: Economics and Management

It is important that a study on the industrial relations aspect of the plantation sector is conducted especially with regards to the welfare and status of the plantation workforce after an unfair dismissal because there is a lack of analysis of the relative position of those who seek reinstatement or compensation in lieu of reinstatement. This initiated the study on the factors that contribute to the unfair dismissals of all levels of the plantation workforce with the objective of understanding further whether these factors identified in the study are justified to be the causes of unfair dismissal. It is also important to highlight that while misconduct is the contributory factor of dismissal of a plantation worker, not all causes are entirely committed by the dismissed worker but also the employer. Thus other aspects of dismissals are also

studied such as procedural defects of domestic inquiry, weaknesses and problems of representations and enforcement of the Industrial Relations Act 1967.

The data collected for the purpose of this study are the court cases illustrated in the Industrial Law Report from 1974 to 1994. Both descriptive and statistical analyses were conducted. The types of misconduct differed throughout the twenty years, absenteeism was the main cause in the seventies, insubordination and fraud or malpractice in the eighties and nineties. The Correlation Analysis showed that when a worker is dismissed for insubordination, he is also unfairly accused of verbal abuse or physical assault, a tactic to substantiate further dismissal of the worker. While acts of major or serious misconducts contribute to an instant dismissal, the findings of the Qualitative Regression Analysis, however, shows that dismissal is not due to acts of major misconduct only. The Multivariate Factor Analysis, in fact, also shows that acts of moderate or minor misconducts also contributed to dismissal of a worker.

In the plantations sector, a domestic inquiry must be conducted before a worker is dismissed. However, an analysis on the conduct of the domestic inquiry held in all the cases from 1974 to 1994 shows that 50% of the cases had an unfair inquiry. A further analysis shows that 62.9% of the cases show harsh and unfair application of the industrial law in the court awards. The trend of court awards also shows that a worker who seeks reinstatement most often will be compensated in lieu

of reinstatement. This is also another cause of concern because until 1994, 54.5% of the dismissed workers are from the lowest category of plantation workers who prefer reinstatement to compensation.

The findings of this study should benefit all parties because it has highlighted important aspects of industrial relations in the plantation sector. There is a change in the pattern of acts of misconduct in the plantation industry from theft, physical acts of disobedience and dishonesty to more subtle acts of insubordination and fraud. This may be due to the increase in the dismissals of the other levels of the plantation workforce. Taking into account the acts of misconduct by both the non-executive and executive levels of the plantation workforce, the employers should establish a more detailed guideline as to what constitutes acts of major misconduct serious enough to warrant instant dismissal and acts of moderate and weak misconduct that could also lead to instant dismissal. The management must also ensure that a proper procedure of the domestic inquiry is conducted because failure to do so reflects the weakness of management.

From the analysis of the study, there is also a delay in both the time period, from the date of dismissal to the date of reference to court and from the date of reference to court to the date of court award. A further analysis indicate that it is more serious in the second time period. Not enough efforts have been done to expedite settlement of these cases and there is a dire need for a better and faster

method of settling these court cases. As such any weaknesses of the procedures in the industrial relations system should be reviewed or taken into consideration and improved.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Master Sains.

**PERHUBUNGAN PERINDUSTRIAN DI SEKTOR PERLADANGAN:
KAJIAN KES-KES PEMBUANGAN KERJA DI LADANG-LADANG
DARI TAHUN 1974 HINGGA 1994**

Oleh

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(April 1997)

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Satu aspek kajian perhubungan perindustrian di sektor perladangan perlu diutamakan, khususnya mengenai kebajikan dan taraf pekerja ladang setelah pembuangan kerja yang tidak adil oleh majikan mereka. Tidak ada analisis yang telah dijalankan ke atas kedudukan relatif pekerja ladang yang terlibat yang meminta mengembalikan semula pekerjaan mereka dan pekerja ladang yang diberi pampasan sebagai ganti kepada pengambilan semula. Keperluan ini menjadi asas kajian ke atas faktor-faktor yang menyebabkan pembuangan kerja yang tidak adil terhadap semua taraf pekerja ladang dengan tujuan dapat memahami dengan lebih mendalam sama ada faktor-faktor yang dikenalpasti dalam kajian ini adalah wajar sebagai sebab-sebab pembuangan yang tidak adil. Suatu perkara lagi yang sepatutnya ditonjolkan ialah sungguhpun salah laku ialah faktor utama yang menyebabkan seseorang pekerja

ladang dibuang kerja, tidak semua sebab-sebab berpunca dari salah laku pekerja ladang itu sendiri tetapi boleh juga disebabkan oleh salah laku majikan mereka. Maka semua aspek pembuangan kerja juga dikaji seperti ketidaksempurnaan prosedur sisatan domestik, kelemahan dan masalah perwakilan dan penguatkuasaan Akta Perhubungan Perusahaan 1967.

Data yang telah dikumpulkan untuk tujuan kajian ini adalah kes-kes makhamah seperti yang terkandung di dalam Laporan Undang-Undang Perindustrian dari tahun 1974 hingga 1994. Analisis deskriptif dan analisis statistik telah dijalankan. Salah laku yang dikenalpasti berbeza sepanjang dua puluh tahun, ketidakhadiran merupakan punca utama pembuangan kerja pada tahun tujuh puluhan, ingkar perintah dan fraud atau amalan salah pada tahun lapan puluhan dan sembilan puluhan. Analisis Korelasi menunjukkan apabila seseorang pekerja ladang dibuang kerja kerana ingkar perintah majikan, ia juga dituduh menggunakan bahasa kasar atau bersikap kasar terhadap majikannya, suatu taktik untuk menguatkan lagi sebab pekerja dibuang kerja. Walaupun salah laku yang serius menyebabkan pembuangan sertamerta pekerja hasil kajian yang didapati daripada Analisis Kualitatif Regresi menunjukkan bahawa pembuangan kerja tidak berpunca dari salah laku yang serius sahaja. Malahan, Analisis Faktor Multivariat juga menunjukkan bahawa salah laku yang sederhana atau kecil juga boleh menyebabkan seseorang pekerja ladang dibuang kerja.

Di sektor perladangan, siasatan domestik perlu dijalankan sebelum seseorang pekerja dibuang kerja. Namun demikian, analisis ke atas prosedur siasatan domestik yang telah dijalankan untuk semua kes dari tahun 1974 hingga ke tahun 1994 menunjukkan bahawa siasatan domestik yang tidak adil telah dijalankan ke atas 50% daripada kes-kes tersebut. Analisis selanjutnya juga menunjukkan bahawa 62.9% daripada kes-kes tersebut telah diberi award mahkamah yang tidak adil. Award mahkamah juga lebih cenderung kepada bentuk pampasan sebagai ganti kepada seseorang pekerja yang berhasrat memohon pengembalian semula pekerjaannya. Ini adalah satu perkara yang perlu diambil perhatian kerana sehingga 1994, 54.5% daripada pekerja yang telah dibuang kerja adalah daripada kategori pekerja ladang yang paling rendah yang lebih suka memohon dikembalikan pekerjaan mereka.

Penemuan kajian ini juga sememangnya memberi manfaat kepada semua pihak kerana beberapa aspek perhubungan perindustrian di sektor perladangan yang penting telah ditonjolkan. Terdapat suatu perubahan corak salah laku dalam industri perladangan iaitu daripada kes kecurian, ingkar perintah majikan secara fizikal dan penipuan bertukar corak kepada tindakan ingkar perintah yang kurang menonjolkan dan fraud. Kemungkinan besar ini adalah disebabkan oleh peningkatan dalam kes-kes pembuangan pekerja daripada kategori pekerja ladang yang lain. Dengan mengambilkira salah laku oleh kategori pekerja ladang yang lain selain daripada kategori pekerja ladang, majikan mesti menggariskan satu garis panduan yang lebih

terperinci bentuk salah laku yang serius yang boleh menyebabkan pembuangan pekerja secara sertamerta dan juga salah laku yang sederhana dan kecil yang juga boleh menyebabkan pembuangan sertamerta. Pihak pengurusan mesti memastikan satu bentuk prosedur siasatan domestik yang betul dan adil dijalankan kerana kegagalan membuat demikian menunjukkan kelemahan pihak pengurusan itu sendiri.

Satu penemuan yang menarik juga daripada kajian ini ialah wujudnya kelewatan proses mengemukakan kes sama ada dalam selang masa dari tarikh pekerja dibuang kerja hingga ke tarikh kes dirujuk ke makhamah atau dalam selang masa dari tarikh dirujuk ke makhamah hingga ke tarikh award makhamah diberikan. Analisis selanjutnya menunjukkan bahawa kelewatan ini adalah lebih serius dalam selang masa kedua. Usaha-usaha untuk mempercepatkan penyelesaian kes-kes ini masih tidak memuaskan dan kaedah yang lebih cepat dan lebih baik amat diperlukan untuk menyelesaikan kes-kes ini. Oleh itu sebarang kelemahan prosedur di dalam sistem perhubungan perindustrian ini juga perlu dikaji semula atau diberi perhatian dan diperbaiki.

CHAPTER 1

INTRODUCTION TO THE PLANTATION INDUSTRY

For many decades, it was agriculture which provided the 'engine of growth' for the Malaysian economy and enabled the nation to shake off the communist insurgency and its effects on the rural population. The outstanding achievements of the plantation crops sub-sector, namely rubber, oil palm and later cocoa contributed to the economic success (Mohamed Sulaiman, 1994). Under the Vision 2020, the direction of the country's economy is on industrialisation. The emphasis has shifted with the reprioritisation of channeling of resources. Even though agriculture's contribution will decline and in particular in the plantation industry, it will continue towards export earnings, employment, supporting a broad range of local industries, such as those involved in manufacturing activities that require agriculture inputs and machinery, and raw materials for the resource-based industries.

The management and general structure of the Malaysian plantation industry must be orientated to accept the creation of bigger plantations by amalgamating the smaller estates into more efficient units. Thus, the century old practise of plantations being a

family employing industry must give way to a new method of employment that is cost effective (Borge Bek-Nielsen, 1994). The incorporated society of planters must play an important role in the constant upgrading of skills of the workforce in the plantation. To eradicate the perception that the plantation industry is a 'sunset industry', it is best that the industry must respond effectively. It is necessary to continue to increase productivity, improve levels of mechanisation to reduce labour cost and intensify the existing land use. This is to prolong the industry's competitiveness in the production of agricultural commodities. The management should also invest continuously in human resources development in order to enhance the quality, skill and capabilities of the workforce. The approach of relying on 'low technology' or 'labour-intensive operations' is no longer conducive. Training and retraining of workforce is one of the ways of enhancing labour productivity and together with a stable and sound industrial relations climate in the place of employment, productivity would be further enhanced.

The Plantation in Malaysia

Plantation as defined in Malaysia is any "land, contiguous or non-contiguous, aggregating to not less than 40 hectares in area, planted with rubber (oil palm or coconut) or on which the planting of rubber (or oil palm or coconut) is permitted, and under a single legal ownership" (Rubber Statistics Handbook, 1970). The definition further elaborates that any area under oil palm in an already rubber, coconut or tea plantation is regarded as an oil palm plantation, while an area planted with tea is regarded as a tea plantation regardless of size. Such definitions will definitely be more convenient

for government purposes but gives a misinterpretation of the existing other plantation-like enterprises. Courtenay (1981) defines the plantation as an institution that uses technically more advanced agricultural practices aimed at commercial crop production in areas of less advanced or even non-existent farming.

The plantation industry is the oldest industry in Malaysia and plays a major rôle in national development for over a century. Being able to provide stability in employment, this indicates that it is a reliable component in the national economy. In 1984/85 when many industries, particularly the manufacturing and construction sectors were severely affected by the recession and thousands of workers were retrenched, the plantation industry offered jobs to these retrenched workers (Mohamad Sulaiman, 1994). The command of production technology and farm management skills in the plantation sector can be used as a strong base to invest in these sectors in countries where land and labour are still cheap. It can thus spearhead the development of Malaysia's own multinationals, business ventures in the distribution and marketing of high value added and perishable products, and eventually even forming Malaysia's own trading companies. Thus, this industry should not be taken for granted and studies must be carried out to identify the weaknesses or problems encountered by this sector, especially with regard to the positive public policies for improving the quality of life of plantation workers to retain labour in the industry and sustain high levels of output and productivity.

The Plantation Scenario: Contribution of the Plantation Sector

The early plantation crops were mainly sugar and coffee. Rubber was introduced in 1900 because of its potential as an economic crop and the high rubber prices then. Foreign investors took the opportunity of the rubber economy. Trading firms such as Harrisons and Crosfields, Guthrie and Company and Sime Darby played an important role in the development process of acquiring ownership of foreign rubber companies in the fifties. By 1977, foreign-owned rubber estate represented only one-quarter of the total number of rubber estates in Malaysia (Ismail, 1983).

During the sixties and early seventies, there was also an important shift from rubber to oil palm with other plantation crops occupying a less important place in the Malaysian economy. This was due to the severe fluctuation and protracted depression in rubber prices between 1956 and 1975 which then initiated the rubber planters to diversify into oil palm planting. The gradual increase in the costs of producing rubber and the relative stability of crude palm oil prices also contributed to the change. Rubber areas were replanted with oil palm thus resulting in the sharp growth in crude palm oil production.

The trend of total planted area under rubber continued to decline in 1993, decreased by 0.8% to 1.8 million hectares. This reflects the conversion of rubber areas to other crops and for non-agricultural uses. On a sectoral basis, planted area in the estate sector declined by 1.5%, while that in the smallholding sector fell by 0.7%. In the